AfrAsia Bank

Global Wealth Migration Review

FULL REPORT

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NWWealth

Contents:

1. Introduction

This is the 3rd edition of the ***Global Wealth Migration Review*** *which has been released annually since 2018. It is sponsored by Mauritius based banking group AfrAsia Bank (www.afrasiabank.com). The data and findings in the report are provided by wealth intelligence firm New World Wealth (www.newworldwealth.com).*

The report examines recent worldwide wealth migration trends and analyses the potential impact of the coronavirus outbreak on wealth migration going forward.

The following wealth bands are considered in our analysis.

Wealth Tier	Definition
Billionaires	Those individuals with wealth of US$1 billion or more.
Centi-millionaires	Those individuals with wealth of US$100 million or more.
Multi-millionaires	Those individuals with wealth of US$10 million or more.
Millionaires (HNWIs)	Those individuals with wealth of US$1 million or more.

Source: New World Wealth

Why do we compile a global wealth migration review?

Wealth migration figures are a very important gauge of the health of an economy. For instance, if a country is losing a large number of HNWIs to migration, it is probably due to serious problems in that country (i.e. crime, lack of business opportunities etc.). It can also be a sign of bad things to come as HNWIs are often the first people to leave - they have the means to leave unlike middle class citizens. If one looks at any major country collapse in history, it is normally preceded by a migration of wealthy people away from that country.

Conversely, countries that attract HNWIs tend to be very healthy and normally have low crime rates, good schools and good business opportunities.

Common reasons why HNWIs move:

- *Safety - woman and child safety especially.*
- *Lifestyle: climate, pollution, space, nature and scenery.*
- *Financial concerns.*
- *Schooling and education opportunities for their children.*
- *Work and business opportunities.*
- *Taxes.*
- *Healthcare system.*
- *Standard of living.*
- *Oppressive government.*

2. Countries attracting HNWIs

The following countries experienced the biggest wealth inflows over the past year. Note: '% of HNWIs gained' refers to the HNWI inflow divided by the total number of HNWIs living in that country.

Country	Net inflow of HNWIs in 2019	% of HNWIs gained
Australia	12 000	3%
United States	10 800	0%
Switzerland	4 000	1%
Canada	2 200	1%
Singapore	1 500	1%
Israel	1 400	2%
New Zealand	1 400	1%
United Arab Emirates	1 300	2%
Portugal	1 200	3%
Greece	1 100	3%

Note: '% of HNWIs gained' refers to the HNWI inflow divided by the total number of HNWIs living in that country.

Figures rounded to nearest 100.

Source: New World Wealth

The following regions also experienced significant (100+ HNWIs) wealth inflows during the past year.

- *Monaco*
- *Malta*
- *Mauritius*
- *Caribbean Islands & Bermuda.*

The top five cities for HNWI inflows in 2019 are listed below. As reflected, Sydney tops the list, followed by Geneva and then Melbourne.

City / Area	Location
Sydney	Australia
Geneva	Switzerland
Melbourne	Australia
Singapore	Singapore
Dubai	UAE

Source: New World Wealth

Australia dominates

Australia was the top country worldwide for HNWI inflows in 2019, just beating out its main rival USA. Popular places for HNWIs to move to in Australia included: Sydney, Melbourne, Brisbane, Perth, Gold Coast and Sunshine Coast.

Australia tops the list possibly due to its points-based immigration system which favours wealthy people, business owners and people with professional qualifications (especially lawyers, accountants, doctors and engineers).

Other possible reasons for Australia's popularity among migrating HNWIs:

- *The safety of the country - low crime rate.*
- *Climate, nature and scenery.*
- *The appeal of bringing up children and going to school/university in the country.*
- *English speaking country. Almost all HNWIs globally know English as their first or second language.*
- *First world economy.*
- *First class healthcare system. It is also relatively simple for incoming HNWIs to pay their way onto this system, unlike USA where healthcare insurance can be very complicated and expensive especially for older HNWIs.*
- *Growing economy - one of the fastest growing markets worldwide over the past 20 years (in terms of wealth growth and GDP growth).*
- *Space - Australia has only 25 million people and is a large country.*
- *Tax rates - although company tax and income tax rates in Australia are quite high, it should be noted that unlike most other developed countries, Australia has no inheritance taxes - this encourages wealthy people to stay in the country and build their businesses for future generations.*

USA still a steady performer

The US was the second most popular destination for migrating HNWIs in 2019. Migration to the country was well-spread across several major cities including: Houston, San Francisco, Silicon Valley (region), Seattle, Los Angeles, Miami, New York City and Boston. Towns in Connecticut such as Greenwich and Darien were also popular destinations.

Possible reasons for USA's ongoing popularity among migrating HNWIs:

- *Its status as the world economic leader.*
- *Home to the top hi-tech, banking, media and entertainment sectors in the world.*
- *Education - the US is home to many of the world's top universities.*
- *English speaking country. Almost all HNWIs globally know English as their first or second language.*
- *First world economy.*
- *Climate, nature and scenery.*

Other top destinations:

- *Switzerland attracted a large number of HNWIs in 2019 perhaps due to its safe haven status within Europe and high standard of living. Switzerland is also the 2nd largest wealth management hub in the world by AuM (after USA) which helps to attract HNWIs, as many HNWIs are finding it increasingly more convenient to be in the same country where their banking assets are held (due to new cross border information sharing agreements).*
- *Singapore continues to attract HNWIs, mainly from the rest of Asia. Notably, Singapore is emerging as the top wealth management center in Asia, which should assist it in attracting many more HNWIs in the future.*

- *Portugal continues to attract a steady number of HNWIs, fueled by its popular investor visa program which has attracted large numbers of HNWIs from China, Brazil, South Africa, Turkey and Russia over the past few years.*

- *Greece has also started to attract a large number of HNWIs (mainly via its investor visa program). This program has become especially popular with HNWIs from China, Russia, Turkey, Egypt, Lebanon and Ukraine.*

- *Malta has been one of the big success stories of the past few years. Its 'citizenship by investor program' has brought a large amount of new wealth onto the island and has been credited with fueling Malta's strong growth in several key sectors including: financial services, IT and real estate. For the past several years its program has offered citizenship right away, rather than just a residence visa. However, from Sept 2020 Malta plans to end this program and replace it with a normal investor visa residency program.*

- *Mauritius has attracted a steady number of HNWIs over the past decade, perhaps due to the ease of doing business in the country. Notably, Mauritius ranked 1st in Africa and 13th worldwide in the World Bank's 2020 Doing Business Report. Mauritius is also known for its safety and fast-growing financial services sector. The country is now home to around 4,000 HNWIs (as at June 2020), compared to 2,500 HNWIs a decade ago.*

3. Countries that HNWIs are leaving

The following countries experienced the biggest wealth outflows over the past year. Note: '% of HNWIs lost' refers to the HNWI outflow divided by the total number of HNWIs living in that country. So for instance, one could say that 2% of China's HNWIs left the country during the year.

Country	Net outflow of HNWIs in 2019	% of HNWIs lost
China	(16 000)	-2%
India	(7 000)	-2%
Russian Federation	(5 500)	-6%
Hong Kong	(4 200)	-3%
Turkey	(2 100)	-8%
United Kingdom	(2 000)	0%
France	(1 800)	-1%
Brazil	(1 400)	-1%
Saudi Arabia	(1 200)	-3%
Indonesia	(1 000)	-2%

Note: '% of HNWIs lost' refers to the HNWI outflow divided by the total number of HNWIs living in that country.

Figures rounded to nearest 100.

Source: New World Wealth

The following countries also experienced significant (100+ HNWIs) wealth outflows during the past year.

- *Mexico*
- *Malaysia*
- *South Africa*
- *Argentina*
- *Iran*
- *Thailand*
- *Qatar*
- *Vietnam*
- *Philippines*
- *Pakistan*
- *Nigeria*
- *Ukraine*
- *Lebanon*
- *Venezuela*

Note: War-torn countries such as Syria, Libya and Iraq are excluded due to lack of reliable data. It is likely that they also experienced significant HNWI outflows.

Concerns for China

In last year's report, we noted that the ongoing outflows of HNWIs from China were not a major concern as China was always producing far more new HNWIs than it was losing to migration.

However, in light of recent events (trade wars with the US, the Hong Kong protests and possible blame related to the coronavirus outbreak) this view may require a rethink. Also, China's deteriorating relationship with Australia is a major concern. It is possible that China could be in for a rough few years ahead, both in terms of HNWI migration and overall wealth growth.

Sanctions & embargos

Russia, Iran and Qatar all have sanctions/embargos to deal with and they have all been losing HNWIs to migration of late. Russia and Iran face sanctions from most Western countries, whilst Qatar faces an embargo from the UAE, Egypt and Saudi Arabia.

Hong Kong troubles

Instability related to the recent Hong Kong protests have almost certainly damaged Hong Kong's long-term appeal. This is probably the reason for the large outflow of HNWIs from the city-state in 2019. Notwithstanding this, Hong Kong still remains one of wealthiest cities in Asia with over 140,000 HNWIs still living there.

Problems in Turkey

Turkey experienced a significant outflow of HNWIs in 2019. This is the 4th straight year that a large number of HNWIs have left the country. These outflows are concerning as Turkey is not producing many new HNWIs to replace the ones that are leaving. As a result, the total number of HNWIs living in the country is declining all the time. A decade ago, Turkey was the wealthiest country in the Middle East but it now ranks 4th in the region behind the UAE, Israel and Saudi Arabia.

4. The Coronavirus impact

Impact on HNWI migration:

Provisional estimates show a drop in inward and outward HNWI migration for the current year (2020) as many people have been unable or unwilling to move due the coronavirus outbreak. Some have put off moving till a later date, whilst others have cancelled their plans to move altogether.

Going forward, travelling/migrating is likely to be more complicated due to ongoing quarantines and health checks in most counties.

Trends to look out for:

- *In light of the coronavirus outbreak, it is likely to become more difficult to get HNWIs to buy into traditional investor visa programs. As a result, many programs are expected to reduce their entry requirements in 2020/2021.*
- *There are concerns that countries with large numbers of wealthy expats such as the UAE may see a HNWI exodus in 2020/2021. This is a possibility in the short term (1-2 years). However, we expect the UAE (and Dubai specifically) to remain a popular destination for migrating HNWIs in the long term due to its status as the only real safe-haven in the MENA region.*
- *We expect Australia, the United States and Switzerland to remain the preferred HNWI destinations globally over the next decade. We also expect New Zealand to emerge as a major HNWI destination in the future.*

Impact on general wealth:

The coronavirus has also had a severe impact on the overall worldwide economy - our latest estimates show that global private wealth levels have dropped by 14% in the 1H of 2020.

This drop has been driven by:

- *Declining income levels and job losses.*
- *The property market weakened in most major markets, especially the prime (top-end) market.*
- *Rising household debt. Debt is subtracted when calculating net assets so this has a negative impact on private wealth.*
- *Most major currencies have weakened against the US$. This has negatively impacted on the US$ based wealth of most people globally, especially those living in the BRICS and other emerging markets (as those currencies have been hardest hit).*
- *Declining global stock market returns – the MSCI World Index was down by around 6% over the six month period. The MSCI Emerging Market Index was especially hard hit (10% down).*

Note: 1H 2020 refers to period from 1 January 2020 to 30 June 2020.

It should be noted that some countries have contained the outbreak relatively well, which should positively impact on their ability to recover economically from the crisis. Countries that appear to have handled it best so far include: New Zealand, South Korea, Australia, Malta and Mauritius. There are a relatively low number of coronavirus related fatalities in these countries.

Impact on HNWI spending:

The coronavirus outbreak has caused many wealthy people to change their spending habits. HNWI trends to look out for in 2020/2021:

- *A move away from commercial airliners and towards private jet travel, especially among the super-rich (i.e. centi-millionaires and billionaires).*
- *Many HNWIs may choose to work remotely and live in smaller towns. For instance, many London based HNWIs may choose to move to towns such as Taplow and Marlow. Country areas such as the Cotswolds could also become more popular.*
- *Less international tourism. The luxury hotel sector in each country will become more dependent on local HNWIs.*
- *HNWIs will probably avoid public transport in big cities (buses, tubes).*
- *Luxury residential estates such as the Yellowstone Club could become more popular, as HNWIs seek more open space.*
- *HNWIs may choose to buy more of their luxury items online or via appointment.*
- *HNWIs to move away from large hotels and towards small boutique hotels.*
- *Indoor gyms to become less popular, with a move towards outdoor exercise.*
- *Outdoor hobbies/sports that allow for easy social distancing (such as golf, hiking, fly-fishing, cycling and bird-watching) may become more popular.*

5. Benchmarking worldwide wealth in context

Worldwide stats (for June 2020):

- *Total private wealth held worldwide amounts to approximately US$184 trillion.*
- *The average individual has net assets of around US$24,000 (wealth per capita). The five wealthiest countries in the world by this measure include: Monaco, Luxembourg, Switzerland, Australia and the United States - they all have wealth per capita's of over US$175,000 per person.*
- *There are approximately 13 million HNWIs in the world, each with net assets of US$1 million or more.*
- *There are approximately 510,000 multi-millionaires in the world, each with net assets of US$10 million or more.*
- *There are approximately 22,800 centi-millionaires in the world, each with net assets of US$100 million or more.*
- *There are 1,920 billionaires in the world, each with net assets of US$1 billion or more.*

Note: "Wealth" refers to the net assets of a person. It includes all their assets (property, cash, equities, business interests) less any liabilities.

6. Wealth vs. GDP

We consider wealth to be a far better measure of the financial health of an economy than GDP. Reasons for this include:

- *In many developing countries, a large portion of GDP flows to the government and therefore has little impact on private wealth creation.*
- *GDP counts items multiple times (for instance, if someone is paid $100 for a product/service and they then pay someone else that $100 for another product/service, then that adds $200 to a country's GDP, even though only $100 has been produced at the start).*
- *GDP ignores the efficiency of the local banking sector and the local stock market at retaining wealth in a country.*
- *GDP largely ignores the impact of property and stock market moves. These two factors obviously have a massive impact on wealth.*
- *GDP is quite a static measure - it tends to only move slightly year on year. As a result, it is not a great gauge of the performance of an economy.*

Wealth figures, on the other hand, do not have any of these limitations, making them a far better gauge of the financial health of an economy than GDP figures.

7. Research and methodology

Migration stats:

Our HNWI migration figures are estimates, based on sources below.

- *Investor visa program statistics in each country.*
- *Regular interviews with HNWI intermediaries (migration experts, second citizenship platforms, wealth managers).*
- *Tracking of HNWI movements in the media and tracking of HNWI property purchases.*

Notes:

- *Our migration figures focus only on people who have truly moved (i.e. who stay in their new country more than half of the year). A large number of wealthy individuals get residency in a country but never actually move there. Many wealthy people also have no permanent home (i.e. they have homes in several countries and move around) - we try to exclude these individuals from our figures and our stats are therefore on the conservative side.*
- *Only around 30% of migrating HNWIs come into countries using investor visa programs. The rest come in via more traditional means, such as via work visas, second passports, ancestry visas and family visas.*
- *Investor visa programs generally require an investment of between US$300,000 and US$3 million in local property, bonds or businesses and most of this money is usually redeemable after a period of five years. Some programs offer citizenship right away, whilst others just offer residency for a set time.*

HNWI database:

We have a sample of over 150,000 HNWIs worldwide in our database. The database is focused on HNWIs with the following work titles: Directors, Chairman, CEOs, Founders and Partners. We do not give out the names of these individuals to anyone. We purely use this database for in-house statistical studies.

Our wealth intelligence research covers 90 countries and 150 cities worldwide.

For more information, please visit www.newworldwealth.com.

8. About AfrAsia Bank

Strategically based in Mauritius with a representative office in South Africa, AfrAsia Bank is continuously leveraging its African footprint and positioning itself as a boutique financial services provider. The Bank's entrepreneurial approach helps to tailor innovative banking solutions for both local and international markets, by connecting Africa, Asia and the World using Mauritius as the gateway for investment.

AfrAsia Bank develops tailored financial solutions in four distinct business lines:

- *Corporate Banking.*
- *Global Business Banking.*
- *Private Banking and Wealth Management.*
- *Treasury and Markets.*

In addition to its anchor Mauritian shareholder, IBL, the largest conglomerate in the country, other strong strategic partners include National Bank of Canada, and Intrasia Group.

With an experienced team and regional foundations giving customers the reliability and trust of a global banking network, the Bank helps clients achieve their financial aspirations, all delivered with boutique agility and service. AfrAsia Bank is an award-winning bank who has bagged several awards from reputed institutions namely Euromoney, The Banker and EMEA Finance.

For more information on AfrAsia Bank please visit www.afrasiabank.com.

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